



## ROLE OF AGRO-BASED INDUSTRIES IN RURAL DEVELOPMENT IN INDIA

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### Abstract

Indian economy is agro based economy. Most of population of India is dependent on agriculture. Agriculture continues to play a significant role in rural development. Agro based industries which thrive on this major rural economic activity are an important aspect in rural development too. Agro based industry is regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact on employment and income generation. Present research paper focus on the scenario of agro based industries, importance of agro based industries, problems before agro based industries in India.

### Introduction:-

When any under developed country start the process of development; in this stage economy migrate from primary sector to secondary sector. The growth of industrialisation leads economy to the aim of development. Indian economy is agro based economy. So far the process of industrialisation India want abundant of capital and resources, but lack of the situation agro based industries are most essential for agriculture and rural development. Agro based industries facilitate for optimisation of resources used, output management, enhance farmer income, widening of market, addition to national income through value addition and Employment creation.

### Objectives of the study:

1. To study the scenario of agro based industries.
2. To identify the importance of agro based industries in rural development.
3. To study the problems faced by agro based industry.
4. To search remedies agro based industries problems.

### Methodology:

Present research paper based on secondary data collected from books, government publications, newspapers and relevant literature, journals, internet etc.

### **Brief scenario of agro based industries:**

Most of agro based businesses are in the nature of food processing units. They have implications on food security and basic needs to human being. So many countries having facing problem of inadequate food and emerged food crises, Indian agro based Industries by tacking their own problems can come up to exploit use potential in domestic as well as foreign markets.

“Agro based industries are those, which are involved in supplying the firm with agriculture inputs besides handling the products of the farm.”

Occupies a unique position in the Indian economy, because it contributes significantly to industrial production 14%, Employment generation 35 million persons directly, the second largest after agriculture and foreign exchange earnings about 24.6 percent, it contributes for percent of towards GDP. All branches of agro based industry are very important because the increase industrial product provide employment URL for foreign exchange increase income level and also provide employment to women and provide best for development for backward areas

An agro industry is an enterprise, which process raw materials, including ground and tree crops as well as livestock. The degree of processing can vary tremendously ranging from the cleaning and grading of Apples to the milling of rice to the cooking, mixing and chemical alteration that create a texturized vegetable food, agro- industry can be roughly categorized according to the degree the raw materials is transformed. In general capital investment, technological complexity, and managerial requirements increases in proportion with the degree of transformation.

### **Importance of the study:-**

Agro based industries has urgent need for agriculture Industrial and economic development agro based industries are easy to establish and provide income in rural areas with less investment agro based industries are labour intensive and will create more employment opportunities to solve the unemployment problem in the region. These Industries eliminate words stage of agriculture produce to a greater extent and ensure steady and better price to farming community relatively, bulky, perishable typically in edible raw materials are convert into more useful shelf- stable and delicious food or beverage by food processing industries which facilitate to export processing industries with facility to export to domestic as well as global market. These Industries facilitate to pressure perishable agriculture product for long time.

### **Study of the agro based industrial sector in India:-**

Data from the annual survey of industries shows that 46% of all factories in India are Agro Industrial and they contribute 22% of the manufacturing value added and nearly 43% of manufacture in industry employment. The study shows that 37% of Agro industrial founds produce food and 63% produce non food products the study also shows that 44% of the food related factories are in milling, another 13% are in edible oil, 10% are in sugar and 33% in “other foods” search yes higher value foods with higher income elasticity of demand. The “other foods” category accounts for 49% of total net value added and 43% of employment in agro industry, while only 7% of value added and 20% of employment comes from grain milling. The study shows that only 18% of total industrial fixed capital in agro industry, compared to Agro Industries 43% share industrial employment. Thus, agro industry continues to be relative labour intensive and capital saving. The labour share of value added is 88% in agro industry versus 35%

in Other industries. Agro industry, on average, generates employment for 14 persons for investment of rupees 100,000 versus 3 per Rs. 100,000 for Other industries. Moreover, these figures do not include added employment generated in agriculture and input supply through backward linkages. Finally, agro industry requires less fixed capital and working capital compared to industries. On average agro industry annually generates 51% value-added over fixed capital as compared to only 39% in other industries

**Role of agro based industries:-** Agro base industry has increasing role of the economy in Indian as well as Global context it has great strengths which are providing strong result in order to survive in the competitive business environment. Following points show the importance of agro based economy it

- ❖ Largest producer of tea, accounting for nearly 28% of the Global tea production.
- ❖ Second largest producer of rice, accounting for nearly 22% of the Global Rice production.
- ❖ Largest producer of the world's best basmati rice.
- ❖ Second largest producer of fruits and vegetables.
- ❖ Second largest producer of sugarcane, accounting for nearly 21% of global sugarcane production.
- ❖ Third largest producer of coarse grains including meals accounting for nearly 40% of global coarse grain production .
- ❖ Third largest producer of edible oil seeds accounting for nearly 7% of Global Oil production.
- ❖ Largest livestock population.
- ❖ India produces 6.3 million tonnes of fish.
- ❖ Varied Agro climate zone.
- ❖ Second largest arable land in the world.
- ❖ Largest irrigated land in the world.
- ❖ Largest producer of Wheat accounting for nearly 15% of global production.
- ❖ Largest producer of pulses accounting for nearly 21% of global pulse production.
- ❖ Largest producer of milk.
- ❖ Largest producer and exporter of spices.

#### **Problems faced by Agro Industries:-**

- **Lack of infrastructure facility** -In the development process of the any industry infrastructure is the important element which is necessary to be considered consciously in case of the agro based industry infrastructure is not aquadate like Road, Transport, banks, telecommunication etc.
- **Low quality of the raw material** - industry required good quality raw material input to make it quality product but low quality raw material is available in the local market because is some case agricultural output of high quality is exported
- **Complex export procedure** - the export procedures is very complicated it requires more time that me create problems for this industry it required to completely different types of formalities it requires more time and efforts for them.

- **Political interferences** – In rural agro based Cooperative are under influences of political interferences political leaders interferences the important decision of such organisation in three vested interest it creates hurdle in the growth of agro based industries.
- **Lack of finance** - in the area where no 3 tier banking system is situated here industries are facing problem getting Finance.
- **Lack of professional management** - rural industry may not have professional expertise it is very difficult to utilise full resources of the organisation properly so as to achieve the objective of the company.
- **Traditional approach** - Indian agro based industry are run with the conventional approach life conventional method of production processing planning policies management marketing etc. the outgoing approach increase cost of production of the agro based industry.
- **Lack of modern technology** - use of Technology increases the production capacity of the company with the low cost and time the cost of modern technology is very high which is not affordable to small agro based industry so unavailability of modern technology is become the weakness of the industry.

#### **Challenges of agro based industries:-**

The overall performance of industrial sector is not encouraging. The lower growth of agro based industry some reasons are following:-

1. People have no acquitted knowledge about the benefit of agro based industries and technological effectiveness. Lack of Information and awareness about opportunities and limitations are major obstacle for growth of rural agro based industries
2. Men power plays an important role in industrial growth. The inefficiency of Manpower affected in the growth of agro based industries. The main causes of inefficient of labours are illiteracy, awareness and lack of training facilities. The productivity of rural unskilled labour is very low and quality of product is also low.
3. Infrastructural development is one of the biggest indicator for the expansion of industries which is not satisfactory for agro based industries development. The energy, market, transportation and communication sector has not well developed.
4. Rekha credit facility is a major challenge for industrial growth. The financial conditions of people are not satisfactory and commercial banks are not interested in providing finance to this sector. People are not financially sound to establish a new industry.
5. The small scale industries are facing the problem in production due to cold and outdated machineries. They are unable to complete with the products of large scale industries. These products are unable to meet the demand of modern people and the production costs of these old machineries are more compared to modern machineries.
6. Agro based industries are facing the problem of efficient marketing. There are lack of organised marketing facilities for this industries. They have to depend on the middle Maine and private trader or selling their products. These middlemen are getting more benefits than the producers.
7. Non availability of proper transportation is a major challenge for industrial development. These affect the movement of raw materials and produces from the place of production to

market and other parts of the country. Lack of proper transportation facilities increased the cost of production which is contributing to low economic return.

8. Elasticity is most important as a source of energy for industrial development. The production of electricity is not sufficient which hamper in the industrial growth. Frequently load shedding is a major problem of industrial development.

### **Remedies for agro based industries:-**

Agro based industries has ample scope of expansion because of abundant raw material and manpower that will helpful for the industrial development it unique geographical and climatic condition has ended this land with wide range of raw material for the food processing industry but the growth of these units are not evenly distributed.

Adaptation following opportunities will bring expansion of agro industries in India.

- Agro based industries can be setup on Cooperative basis ensuring participation of people in the development process the Cooperative method is most important to meet the problem of capital labour raw material its
- The poor economic condition of people badly affected on the industrial expansion government should provide loans to a very low rate of interest for formation of credit to the centre Pune
- Industrial awareness is a program to promote agro based industry which will provide information of profit findings to interfere raw materials agribusiness and education.
- Efficient market system occupies and integral position for overall development of agro based industry. Marketing comprises all activities like supplier of materials in industry and moment of Industrial Products from the industry to the domestic and international market.
- E-marketing will promote non farming producers from various government websites. It gives a platform to showcase the product products which enable the buyer to directly contact the community for business sure e marketing is a marketing with the middle main and Consumers can get the product in National price and producers get better price so promotion of e-marketing will provide opportunities for industrial development.
- Infrastructural development is prime for creation of environment for industrialisation and attracts investors in the sector. To achieve the goal government should give urgent priority on the establishment of infrastructural facilities in the form of export processing industrial Park.

Agro based industries plays a vital role in costing the temporal economic development. Agro Industries provides a means of converting agricultural materials into value added products while generating income and employment in contributing to economic development in both developed and developing countries. Agro based industries facilitate for Optimisation resources used output management in hands farmer income widening of market value addition to National income and Employment generation. Agro based industries broadly include and milk product industry sugar industry food processing Industry and textile industry. The opportunities are lost in the region but we still need a Holistic approach for overall development of the agro based

industries. In India abundant raw material and manpower that will helpful for the industrial development through agro based industries.

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